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SUBJECT: ITC Export-led Poverty Reduction Programs

11. SUMMARY: The International Trade Centre (ITC) is achieving results with its Export-led Poverty Reduction Program (EPRP), which focuses on encouraging sustainable development through the creation of exports, including tourism. The EPRPs measure effectiveness by a program that incorporates three series of household surveys to ensure sustainable benefits to recipient households. EPRP projects are deployed in 18 countries for a total cost of USD 9.5 million. END SUMMARY.

ITC mission

12. Fabrice Leclercq and Marie-Claude Fraunrath (representing the ITC) met with Ann Low (First Secretary, US Mission to the United Nations, Geneva) on March 18, 2009, to discuss ITC's export led poverty reduction program (EPRP) and its impact assessment tool, which measures via household surveys to what degree households enrolled in the program improve their standard of living over the 4-5 year life of the EPRP. The ITC had the Overseas Development Institute (ODI) conduct a study on the relationship between trade, growth, and development and the effectiveness of the ITC EPRP. The outcome of the ODI study encouraged ITC to pursue tourism promotion based on the EPRP model. The ITC aim is to address Millennium Development Goals (MDGs) 1, 3, 7, and 8 (end poverty and hunger, gender equality, environmental sustainability, and global partnership) in its projects. ITC is currently undertaking 15 projects, each with a staff of 1 to 2 international consultants working with 3 to 4 national consultants.

Export-led Poverty Reduction Program

13. The ITC's EPRP promotes exports in sectors that maximize jobs and income for small-scale producers. The ITC develops marketing, management, and networking opportunities to small communities that wish to trade. The ITC has implemented EPRPs in 18 countries, (3 programs have been completed and are now self-sustaining) benefitting the livelihood of 38,000 people. The ITC works in tandem with capacity building projects by bringing in an ITC consultant and pairing him with a national consultant. This capacity building is often assisted with use of specialists to help train the local population in handiworks, hospitality, and other

industries. The ITC maintains involvement and project quality by following up with the international and national consultants throughout the life of the projects.

Tourism as an export

14. The ITC views the tourism industry through the same lens as exports and is working within this framework to reduce poverty via sustainable tourism that benefits the local community living where the tourism occurs. The tourism-led poverty reduction program (TPRP) encourages sustainable development by including local partners as stakeholders. ITC has received financial support from the Swiss Economic Cooperation Organization (SECO) for tourism-led poverty reduction programs in Senegal, Mozambique, and Columbia. Aussie Aid and New Zealand Aid have asked the ITC to replicate the tourism promotion programs in Asia. After a successful TPRP in the Philippines, the Philippine Department of Tourism has asked the ITC to help develop an eco-tourism program. The ITC is partnering with the Four Seasons to build local supply capacity so that the Four Seasons can use local products and services in their resorts.

Brazil model used as best practice

15. The TPRP was successfully implemented in Brazil with the Brazilian Inclusive Tourism (BIT) project, starting in 2003. According to Leclerq, Group Banco de Santander (a Spanish bank) wants to finance the development of 200km of coastline for up to 20 resorts encompassing 18,000 rooms, to be completed in 2012 using the same TPRP model as the BIT. The focus of the Brazilian project will be hotel- and agriculture-related activities. Group Banco de Santander will benefit by making credit facilities available to the cooperatives. The initial plan is issue credit cards with 2 percent of the interest going to the ITC programs. ITC is trying to make this work within the UN framework as a public-private partnership. The total cost for the BIT was USD 300,000 matched on a 1:1 ratio with the local donors over a five year period. The investment in training local staff in handiwork production and marketing led to a 500 percent increase in handiwork revenues. The BIT program also includes using local agricultural products such as honey, fruits, and vegetables in the resorts, while ensuring sustainable farming practices.

Challenges

16. The ITC is facing challenges in securing funds and assistance in implementing their programs. The contributions from SECO, Norway, Germany, and others have worked for individual projects, but still fall short of full operating capacity. Ms. Low suggested bringing the program to the attention of countries that are developing compacts under the Millennium Challenge Corporation (MCC) program. Mr. Leclerq responded that the ITC has pursued funding through the MCC on two occasions, but have been unsuccessful. While the MCC staff is impressed with ITC programs, when working through the resident coordinators of countries applying for MCC monies, ITC programs do not get included in the final compact proposals. Ms. Low suggested ITC present its programs not just to the resident coordinator in countries applying for MCC monies, but also directly to the government officials in those countries responsible for elaborating the compact proposal. Leclerq asked if the government contact points were published.

17. Leclerq also aired his frustration with the United Nations Development Programme (UNDP). According to Leclerq, ITC lost USD 20,000 worth of pumps in Ethiopia because UNDP, which was the recipient, failed to go to the airport to clear the pumps through customs. In Vietnam, UNDP took 14 months to release funds for purchase of laptops.

Impact assessment

18. The ITC incorporates an extensive impact assessment program into all of its projects. The assessment program is based on a series of household surveys over the life of the project, the results of which are compiled into a data analysis program. The household surveys are conducted at the initiation of a project to create a baseline after 2 years, and in the last year of the project, which is the fourth or fifth year of the project. The household surveys are done by nationally employed staff who interview the families involved in

the project. The surveyors typically have greater than a high school education and earn USD 100-200 per month. The assessments are conducted in 50 out of 200-250 households and usually take 2 months to complete. The total cost to do all three household surveys for one project including IT work to analyze their results is USD 7200. The average total cost of implementing an Export-led Poverty Reduction Project is USD 400,000 over a four-year project. Part of the impact assessment process also includes adapting the program after two years to better respond to the households' needs.

Impact assessment in India

¶9. At the start of an EPRP project in India with 300 farmers' households participating, the households earned USD 200k for selling organic spices in 2000 (on average USD 666/household). After four years the EPRP project had grown to include 1,500 farmers' households and they earned USD 1.5 million in 2004 (on average USD 1,000/household, a 50 percent gain per farmer). ITC organized the farmers into cooperatives to represent and market their products at Biofach, the organic trade fair in Germany. The Indian EPRP project used World Bank funds and cost in total over the four year life of the project, \$250k. The farmers are self-sufficient, and their association pays for representative(s) to attend the annual Biofach trade fair.

Comment

¶10. The ITC performance of five-year reviews on all projects, which includes 3 different surveys of the project, has proven to be a valuable tool for ITC to ascertain project sustainability. If a project is not working, ITC knows it should seek to implement a different program. Success also depends on developing a tailored approach to each project to respond to community needs. Given challenges such as UNDP missteps, ITC could probably benefit from greater contact and support from posts in the countries in which it operates.

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